



NOTICE

March 10, 2017

NOTICE 17/018

Changes to Acceptable Collateral Deposited To Meet Margin Requirements

ICE Clear US (ICUS) is making two changes to the acceptable collateral that clearing members can deposit to meet initial margin requirements when Release 8.2 is implemented on March 31, 2017.

First, ICUS will no longer accept foreign currency to meet initial margin requirements. Currently, ICUS allows clearing members to deposit “Tier 3” currencies (ZAR, AUD, NZD, CZK, NOK, HUF, SEK, CHF) to meet the margin requirements in the same currencies. “Tier 2” currencies (CAD, EUR, GBP, YEN) can meet margin requirements in “Tier 3” currencies and “Tier 2” currencies, after applying applicable haircuts. USD can be used to meet margin requirements in all currencies, after applicable haircuts are applied.

With the implementation of Release 8.2, each clearing member’s initial margin requirements on products that settle in a foreign currency must be met with either USD cash or US government securities. ICUS will add a haircut to the initial margin requirements of each product that settles in a foreign currency. The haircut will be based on the volatility between the foreign currency and USD. ICUS will convert the adjusted foreign currency margin requirement to USD and add it to each clearing member’s margin requirement on contracts that settle in USD. Clearing members can meet the combined USD margin requirement with USD cash or US government securities.

Next, also beginning March 31, 2017 with Release 8.2, ICUS will require clearing members to meet their European Market Infrastructure Regulation (EMIR)-top up margin with USD cash. Clearing members will not be able to post US government securities to meet the EMIR-top up margin requirement. In connection with ICUS’ recognition by ESMA as a third country CCP under EMIR, ICUS must use margin requirements based on a two-day holding period to margin all house positions (except for agricultural contracts which are exempt). ICUS charges clearing members initial margin requirements on all customer and house positions based on a one-day holding period. Then, it calculates initial margin requirements on house positions (except agricultural products) based on a two-day holding period. ICUS collects the difference between the one-day holding period and two day holding period margins on the house positions as a separate margin call. The difference in the one-day and two-day holding period margins is called the EMIR-top up margin requirement. With the implementation of Release 8.2, clearing members will now be required to meet the EMIR-top up margin requirement with USD cash.

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FOR MORE INFORMATION

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